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OVERSIGHT

Under the rules of the Committee on Post Office and Civil Service, the Subcommittee on Civil Service is vested with legislative and oversight jurisdiction over Federal employees, including members of the Foreign Service, generally. As a result of its consideration of this matter, the subcommittee concluded that there is ample need and justification for the enactment of this legislation.

The committee received no report of oversight findings or recommendations from the Committee on Government Operations pursuant to clause 4(c) (2) of House Rule X.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1) (4) of House Rule XI, the committee has concluded that the enactment of H.R. 6790, as amended, will have no inflationary impact on the national economy.

ADMINISTRATION VIEWS

Set forth below are the reports of the Office of Management and Budget and the Department of State on H.R. 6790.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., April 1, 1980.

HON. JAMES M. HANLEY,
Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR JIM: The Office of Management and Budget and the Office of Personnel Management have reviewed H.R. 6790, the current version of the proposed "Foreign Service Act of 1980," and I wish to advise your Committee of the Administration's strong objections to the bill's pay provisions. When the bill was submitted initially by the Administration, the President had not decided on the linkages, pay rates, or the provisions for conversion to the new Foreign Service Schedule. He has now reached a decision on these matters, and we are taking this opportunity to inform you of it.

As H.R. 6790 now stands, it includes, in sections 403, 2106, and the related sections, a new pay system for the Foreign Service which is vastly different from that included in the bill as proposed by the Administration and is at odds with the President's decisions. Accordingly, those provisions of the bill are not acceptable to the Administration.

Under the Federal Pay Comparability Act of 1970, the President is responsible for adjusting Foreign Service pay each year at the same time he adjusts General Schedule pay. For the purpose of this adjustment, Foreign Service pay rates are related to General Schedule pay rates through a series of "linkages," that is, grade levels under the two pay systems which have been determined to be of an equivalent level of work, and thus appropriately paid the same rates of pay. The Office of Personnel Management conducted a major review of these linkages and found that they were in need of change. Separately, the Department of State was directed by Congress to review Foreign Service pay rates, and the contractor who performed that study also found a need

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for change in the linkages, although the exact changes indicated by that study were somewhat different from those of the OPM study. Both of these studies were reviewed exhaustively by an interagency task force, which developed several options for the consideration of the President. The President has determined that a change in the linkages is warranted, and that the appropriate change is one that reasonably accommodates the concerns raised by both studies.

The new linkages decided on by the President for implementation with the new Foreign Service schedule are shown in the attached table. These linkages would provide an average increase in Foreign Service pay of \$1,422, or 5.33 percent, and would cost approximately \$15 million annually. While the President is, of course, concerned about this additional cost, he feels very strongly that the Foreign Service must be paid fairly, and that this expense is warranted in order to provide comparable pay treatment for Foreign Service employees as required under the comparability principle.

However, H.R. 6790 in its present form goes far beyond the changes required by the President's decision. Section 403 of the bill would adopt a set of linkages that would substantially overpay the Foreign Service in relation to the General Schedule. Further, the new linkages, and the bill's provisions for converting present employees to the new pay rates, would cost nearly \$34 million the first year and \$200 million over 5 years. It would increase Foreign Service pay by an average of nearly 12 percent, and approximately 1800 or 17 percent of Foreign Service employees would receive increases of between 20 and 25 percent. These increases would, of course, be in addition to the seven percent pay raise last October and whatever general pay raise is provided in the coming October. We believe these provisions of H.R. 6790 are completely unwarranted.

In addition, we must object in the strongest terms to the fact that section 403 restricts the President's current authority under the Federal Pay Comparability Act to adjust linkages over time, as changes occur in the duties and responsibilities for management of the executive branch's pay systems. We view this restriction as unacceptable since the President's authority for linkage is absolutely essential in carrying out his responsibility for management of the statutory pay systems.

Accordingly, the Administration urges that sections 403, 2106, and the related sections be removed from H.R. 6790, and that instead only those pay provisions, without schedules, which originally appeared in H.R. 4674 be included in this bill. If this is done, the President plans to implement the new Foreign Service schedule with the conversion and linkages shown in the attached table.

Finally, we will shortly supply additional comments on a number of other objectionable features in some of the provisions of H.R. 6790, including those affecting overseas allowances, family benefits, and divorced spouses.

Accordingly, in view of the above, enactment of H.R. 6790 in its present form would not be in accord with the program of the President.

Sincerely,

JOHN P. WHITE,
Deputy Director.

Enclosure.

LINKAGE PROVIDING COMPARABILITY BETWEEN

Current grade	Current linkage	Current step pay
FSO-3		GS-14
FSO-4	GS-13	GS-13
FSO-5		GS-11
FSO-6		GS-10
FSO-7		GS-8.5
FSO-8	GS-7	GS-7.0
FSS-1		GS-14
FSS-2		GS-13
FSS-3		GS-11
FSS-4		GS-10
FSS-5		GS-9
FSS-6		GS-8
FSS-7		GS-7
FSS-8		GS-5
FSS-9		GS-4
FSS-10	GS-4	GS-4

1 Approximate.

EXECUTIVE
OFFICE

Hon. JAMES M. HANLEY,
Chairman, Committee on Personnel,
Representatives, Washington

DEAR JIM: This is in furtherance of the President's proposal for the "Foreign Service Act of 1980." The Administration proposed as H.R. 4674, was designed to implement the Civil Service Reform Act. The review within the Executive branch of the Foreign Service community. It was the governing the Foreign Service and look forward to early enactment to improve the Foreign Service.

We are aware that over the past year your Committee and the House have made a substantial effort into hearing and reviewing the effort has been productive in identifying areas that now exist and the mutual interests in these areas. At the same time, we believe, taking into account its overall value. I wrote to you regarding the provisions of the bill. The end result concerns about other provisions.

Many of the matters noted in the report are the responsibility of the Post Office and Government personnel policies. The implications beyond the Foreign Service Committee will wish to consider the point of view. Since we did not discuss fully on many of these issues, we will discuss them in the House Foreign Affairs Committee.

LINKAGE PROVIDING COMPARABILITY BETWEEN THE FOREIGN SERVICE AND THE GENERAL SCHEDULE

Current grade	Current linkage	Current 1st step pay ¹	New Grade	New linkage	New 1st step pay ¹
FSO-3		GS-14.40	FS-1	GS-15	GS-15.00
FSO-4	GS-13	GS-13.00	FS-2		GS-13.38
FSO-5		GS-11.76	FS-3	GS-12	GS-12.00
FSO-6		GS-10.38	FS-4		GS-10.68
FSO-7		GS-8.54	FS-5		GS-8.76
FSO-8	GS-7	GS-7.00	FS-6		GS-7.20
FSS-1		GS-14.40	FS-1	GS-15	GS-15.00
FSS-2		GS-13.00	FS-2		GS-13.38
FSS-3		GS-11.76	FS-3	GS-12	GS-12.00
FSS-4		GS-10.38	FS-4		GS-10.68
FSS-5		GS-9.22	FS-5		GS-8.76
FSS-6		GS-8.10	FS-6		GS-7.20
FSS-7		GS-7.02	FS-7		GS-5.95
FSS-8		GS-5.98	FS-8	GS-5	GS-5.00
FSS-9		GS-4.97	FS-9		GS-4.32
FSS-10	GS-4	GS-4.00	FS-9		GS-4.32

¹ Approximate.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., April 18, 1980.

Hon. JAMES M. HANLEY,
Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR JIM: This is in further reference to H.R. 6790, the proposed "Foreign Service Act of 1980," now pending before your Committee.

The Administration proposal for Foreign Service reform, introduced as H.R. 4674, was designed as a companion measure to last year's Civil Service Reform Act. That proposal was the product of extensive review within the Executive branch and consultation with the Foreign Service community. It was the first comprehensive revision of the law governing the Foreign Service since 1946. We support its objectives and look forward to early enactment of a bill that will strengthen and improve the Foreign Service for years to come.

We are aware that over the past several months, subcommittees of your Committee and the House Foreign Affairs Committee have put substantial effort into hearings and markup of this bill. That this effort has been productive is reflected in the wide areas of agreement that now exist and the mutually acceptable provisions in many important areas. At the same time, however, H.R. 6790 includes certain features which we believe, taken in the aggregate, seriously undermine its overall value. I wrote to you on April 1, 1980, about the pay provisions of the bill. The enclosure to this letter indicates our serious concerns about other provisions and amplifies our views on the pay provisions.

Many of the matters noted in the enclosure fall within the special responsibility of the Post Office and Civil Service Committee for Government personnel policy generally. Certain of the issues have implications beyond the Foreign Service, and we think that your Committee will wish to consider them from a broad, Government-wide point of view. Since we did not have an opportunity to comment formally on many of these issues when the bill was considered in the House Foreign Affairs Committee, we wish to make our position clear

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for consideration by your Committee. We are sending copies of this letter to Chairmen Zablocki and Fascell.

Because the Administration is strongly committed to achieving sound Foreign Service reform, we believe it would be regrettable to have the legislation burdened by unnecessarily expensive or undesirable features at a time when the public is increasingly demanding prudent Government management and avoidance of unnecessary expenditures for Government personnel.

We strongly urge the Committee to adopt the modifications suggested in the enclosure. Agency staffs stand ready to assist in working with the Committees to permit expeditious resolution of the various problems we see in the current version of this legislation, with the mutual objective of producing an acceptable Foreign Service reform measure in this session of the Congress.

As indicated in our letter of April 1, detailing the Administration's objections to the pay features, enactment of H.R. 6790 in its present form would not be in accord with the program of the President.

Sincerely,

JOHN P. WHITE, *Deputy Director.*

Enclosure.

ADMINISTRATION POSITION ON SELECTED PROVISIONS OF H.R. 6790

A. ADDITIONAL PAY SECTIONS REQUIRING CONFORMING MODIFICATIONS

In further amplification of our earlier letter of April 1, 1980 on Foreign Service pay linkage, we call attention to the related pay sections in H.R. 6790 that would require conforming modifications.

In addition to sections 402 and 2106(a)(2)(A) and (B), noted in the earlier letter, these are sections 406, within-class salary increases (statutory prescription of time in class) ; 501, classification of positions (last sentence) ; 2101 and 2104, conversion, as discussed below.

Section 406

This section, patterned after that in title 5, United States Code, for employees under the General Schedule, would prescribe automatic within-class increases for Foreign Service personnel after prescribed periods of service. We do not believe a statutory prescription of time in class is appropriate for the Foreign Service because the nature of some foreign assignments, the quality of work performed and individual qualifications require more flexibility in advancement patterns than is true of the General Schedule. We believe the Secretary of State should continue to have the discretion he has today to prescribe step advancements and to change the pattern if necessary. Accordingly, we believe section 406 should be modified to conform with section 442 of H.R. 4674.

Section 501

The last sentence of this section directs the Secretary of State, in classifying positions, "to give appropriate weight" to "job factors relating to service abroad." The job factors of overseas assignments are already recognized in the design and linkage of the Foreign Service Schedule and should not be considered a second time in classification decisions as this would compensate twice for the same factor. In addition,

this sentence of section 501 weight in job classification to States citizens employed abroad ment injects compensation factors. However, the specific duties, particular job are the only applicable classification decisions. Both of inconsistent and duplicative of pay linkage. Accordingly, we recommend that section 501 be revised.

Section 2101

In effect this section would all employees to convert to the new Foreign Service then later those who are not converted shifted to the General Schedule. This conversion. For those destined for the unnecessary detour, so to speak, who will not become a part of it. Converting will cost about four times as much as the General Schedule. A far more serious burden to the taxpayer and consistent with congressional efforts to reduce outlays and yet also be fair to the employees from the current Foreign Service to the new Foreign Service schedule. The existing FS pay schedules for pay increases effected in the normal comparability process. This approach to convert to the GS system an average of \$1000 per year. We believe the number of rules would be small and their removal a major administrative burden.

Accordingly, we recommend that Section 2101 be revised and that Section 2101 be revised as follows:

Section 2101. Pay and Benefits

The President shall prescribe the salary classes established by the Foreign Service Act of 1950 and the Foreign Service Act of 1964 until they are converted under this Chapter. Salary rates shall be adjusted at the same time as the basic pay are adjusted for the

B. USE OF FOREIGN SERVICE ACT

H.R. 6790 would allow the Department unrestricted, department-wide personnel authorities, allowances, and payments to use the FS Act for any position that would provide preferential treatment.

96th Congress, 2d Session - - - - - House Report No. 96-992, Part 2

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FOREIGN SERVICE ACT OF 1980

REPORT

OF THE

**COMMITTEE ON POST OFFICE AND
CIVIL SERVICE**

ON

H.R. 6790

**TO PROMOTE THE FOREIGN POLICY OF THE UNITED STATES
BY STRENGTHENING AND IMPROVING THE FOREIGN SERVICE
OF THE UNITED STATES, AND FOR OTHER PURPOSES**



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